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## **Employment Cost Index for the Midwest December 2002**

The Midwest Employment Cost Index (ECI) for total compensation increased 0.7 percent in the three-month period ended in December 2002, according to the U.S. Department of Labor's Bureau of Labor Statistics. This was very close to the 0.8 percent average September-December increase over the past three years. The December 2002 ECI for the Midwest was 164.6 (June 1989 = 100).

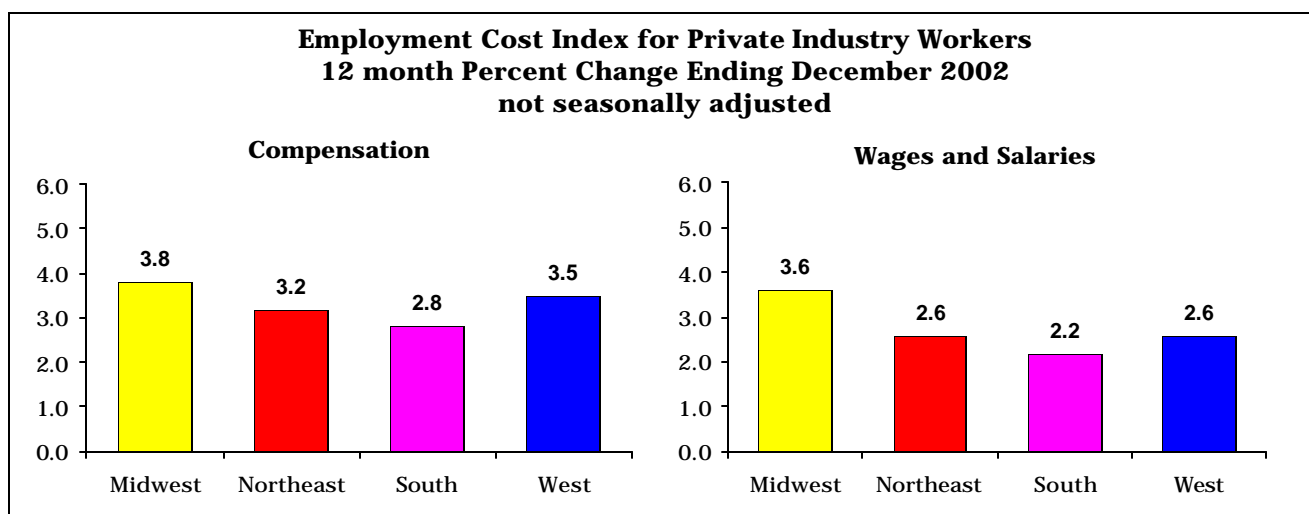
For the year ending in December 2002, compensation costs for private industry workers in the Midwest rose 3.8 percent. This follows a 3.5 percent increase for the year ending in December 2001 and a 4.8 percent rise for the year ending in December 2000. The ECI measures changes in compensation costs, including wages, salaries, and employer costs for employee benefits. The Midwest ECI is not seasonally adjusted.

Peter J. Hebein, regional commissioner of the Bureau in Chicago, said that the 0.7 percent three-month rise in Midwest compensation costs equaled the increase in the West. In the Northeast, compensation costs rose 0.5 percent and in the South, a slight 0.1 percent. The national average ECI for private industry workers gained 0.4 percent from September to December 2002. (See table A.)

The 12-month gain in compensation costs in the Midwest was highest among the four regions. In the West, compensation costs grew 3.5 percent over the past 12 months, and in the Northeast, 3.2 percent. The South region experienced the

Table A. Percent changes in the Employment Cost Index for private industry workers, (not seasonally adjusted)

REGION	COMPENSATION						WAGES AND SALARIES					
	3 months ended			12 months ended			3 months ended			12 months ended		
	Dec. 2001	Sept. 2002	Dec. 2002	Dec. 2001	Sept. 2002	Dec. 2002	Dec. 2001	Sept. 2002	Dec. 2002	Dec. 2001	Sept. 2002	Dec. 2002
U.S. Average	0.8	0.6	0.4	4.2	3.7	3.2	0.8	0.4	0.3	3.8	3.2	2.7
Midwest	.8	.6	.7	3.5	3.9	3.8	.7	.4	.6	3.4	3.6	3.6
Northeast	.7	.4	.5	4.0	3.4	3.2	.7	.1	.4	3.9	3.0	2.6
South	.7	.8	.1	4.0	3.5	2.8	.7	.7	-.1	3.3	3.0	2.2
West	1.1	.6	.7	5.0	3.9	3.5	1.1	.4	.5	4.6	3.2	2.6



slowest growth in compensation costs over the year, rising 2.8 percent. Nationwide, compensation costs rose 3.2 percent for the year ended in December 2002.

The Midwest ECI for wages and salaries alone rose 0.6 percent from September to December 2002. This was about the same as the 0.7 percent average September-December increase experienced over the previous three years. The most recent three-month wage and salary gain in the Midwest was similar to that in the West (0.5 percent) and in the Northeast (0.4 percent). However, wages and salaries in the South declined 0.1 percent from September-December. Nationally, the average rise in wages and salaries was 0.3 percent.

Over the past year, wages and salaries in the Midwest advanced 3.6 percent, the largest increase among the four regions of the country. In the Northeast and the West, wages and salaries grew 2.6 percent. The annual gain in the South was 2.2 percent. Nationally, wages and salaries grew by an average 2.7 percent over the year.

Note: ECI data for March 2003 is scheduled for release on Tuesday, April 29, 2003 at 7:30 A.M. (CT)

### EXPLANATORY NOTE

The "Midwest" Census Region includes the States of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Employment Cost Index (ECI) is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The wage and salary series and the benefit cost series provide the change for the two components of compensation.

Wages and salaries are defined as the hourly straight-time rate or, for workers not paid on an hourly basis, earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding

premium pay for overtime and for work on weekends and holidays, and shift differentials. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered by the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and non production bonuses such as lump-sum payments provided in lieu of wage increases); insurance benefits (life, health, and sickness and accident); retirement and savings benefits (pension and other retirement plans and savings and thrift plans); legally required benefits (social security, railroad retirement and supplemental retirement, railroad unemployment insurance, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment plans).

The ECI provides data for the civilian economy, which includes the total private economy and public sector--excluding farms, households, and the Federal government. The private industry series and the State and local government series provide data for the two sectors separately.

Each quarter, straight-time average hourly wage and salary rates and benefits cost data (cents-per-hour-worked) are collected from a national probability sample of approximately 28,300 occupations within over 6,950 sample establishments in private industry and nearly 3,700 occupations within 800 sample establishments in State and local governments. Data are collected for the pay period including the 12th day of the survey months of March, June, September and December.

More detailed information on the ECI is available in several sources. These include an annual bulletin, Employment Cost Indexes and Levels, 1975-99, (Bulletin 2532 \$31.00); chapter 8 in the BLS Handbook of Methods (Bulletin 2490, \$20.00), and several articles published in the Monthly Labor Review. Detailed statistics on employer cost levels are available in a newly published report, Employer Costs for Employee Compensation, 1986-99, (Bulletin 2526, \$32.00). These bulletins are available from the BLS Publication Sales Center, PO Box 2145, Chicago, Illinois, 60690 (312-353-1880). Current and historical ECI data are available on the Internet at: <http://www.bls.gov/ncs/ect>.

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**Table 1. Employment Cost Index for total compensation and for wages and salaries only, private industry workers, United States and Census regions (not seasonally adjusted)**

	Indexes (June 1989=100)					Percent Change									
						Over the Quarter					Over the Year				
	U.S. Avg.	Mid- west	North -east	South	West	U.S. Avg.	Mid- west	North -east	South	West	U.S. Avg.	Mid- west	North -east	South	West
COMPENSATION (Including wages, salaries, and employer costs for employee benefits)															
Dec. 98	139.8	141.4	139.5	138.1	140.0	.6	.4	.6	.4	1.1	3.5	3.3	3.3	2.6	4.9
Mar.	140.4	141.7	140.5	139.1	140.3	.4	.2	.7	.7	.2	3.0	2.5	3.3	2.7	3.8
June	142.0	143.6	141.5	140.7	142.1	1.1	1.3	.7	1.2	1.3	3.3	2.9	3.3	3.2	4.0
Sept.	143.3	145.0	143.2	141.8	143.3	.9	1.0	1.2	.8	.8	3.1	2.9	3.2	3.1	3.5
Dec. 99	144.6	146.3	144.3	143.0	144.7	.9	.9	.8	.8	1.0	3.4	3.5	3.4	3.5	3.4
Mar.	146.8	148.9	146.3	145.0	147.0	1.5	1.8	1.4	1.4	1.6	4.6	5.1	4.1	4.2	4.8
June	148.5	150.7	147.6	146.7	148.8	1.2	1.2	.9	1.2	1.2	4.6	4.9	4.3	4.3	4.7
Sept.	149.9	152.2	149.3	147.6	150.8	.9	1.0	1.2	.6	1.3	4.6	5.0	4.3	4.1	5.2
Dec. 00	150.9	153.3	150.3	148.6	151.8	.7	.7	.7	.7	.7	4.4	4.8	4.2	3.9	4.9
Mar.	153.0	154.8	151.6	151.1	154.3	1.4	1.0	.9	1.7	1.6	4.2	4.0	3.6	4.2	5.0
June	154.5	156.0	153.7	152.3	156.0	1.0	.8	1.4	.8	1.1	4.0	3.5	4.1	3.8	4.8
Sept.	155.9	157.4	155.2	153.5	157.6	.9	.9	1.0	.8	1.0	4.0	3.4	4.0	4.0	4.5
Dec. 01	157.2	158.6	156.3	154.6	159.4	.8	.8	.7	.7	1.1	4.2	3.5	4.0	4.0	5.0
Mar.	158.9	161.1	158.3	156.2	160.4	1.1	1.6	1.3	1.0	.6	3.9	4.1	4.4	3.4	4.0
June	160.7	162.6	159.9	157.6	162.9	1.1	.9	1.0	.9	1.6	4.0	4.2	4.0	3.5	4.4
Sept.	161.6	163.5	160.5	158.9	163.8	.6	.6	.4	.8	.6	3.7	3.9	3.4	3.5	3.9
Dec. 02	162.3	164.6	161.3	159.0	165.0	.4	.7	.5	.1	.7	3.2	3.8	3.2	2.8	3.5
WAGES AND SALARIES ONLY															
Dec. 98	137.4	138.0	136.4	136.7	138.4	.6	.4	.7	.1	1.2	3.9	3.8	3.6	2.8	5.5
Mar.	138.1	138.9	137.1	137.9	138.2	.5	.7	.5	.9	-.1	3.3	3.1	3.4	2.9	4.0
June	139.7	141.0	138.2	139.4	140.2	1.2	1.5	.8	1.1	1.4	3.6	3.7	3.3	3.3	4.2
Sept.	141.0	142.4	139.9	140.2	141.3	.9	1.0	1.2	.6	.8	3.2	3.6	3.3	2.7	3.4
Dec. 99	142.2	143.6	140.9	141.5	142.6	.9	.8	.7	.9	.9	3.5	4.1	3.3	3.5	3.0
Mar.	143.9	145.3	142.3	143.0	144.7	1.2	1.2	1.0	1.1	1.5	4.2	4.6	3.8	3.7	4.7
June	145.4	147.1	143.7	144.6	146.3	1.0	1.2	1.0	1.1	1.1	4.1	4.3	4.0	3.7	4.4
Sept.	146.8	148.6	145.3	145.3	148.2	1.0	1.0	1.1	.5	1.3	4.1	4.4	3.9	3.6	4.9
Dec. 00	147.7	149.6	146.0	146.3	149.2	.6	.7	.5	.7	.7	3.9	4.2	3.6	3.4	4.6
Mar.	149.4	150.9	147.3	148.3	151.3	1.2	.9	.9	1.4	1.4	3.8	3.9	3.5	3.7	4.6
June	150.9	152.3	149.2	149.3	152.9	1.0	.9	1.3	.7	1.1	3.8	3.5	3.8	3.3	4.5
Sept.	152.1	153.6	150.6	150.2	154.3	.8	.9	.9	.6	.9	3.6	3.4	3.6	3.4	4.1
Dec. 01	153.3	154.7	151.7	151.2	156.0	.8	.7	.7	.7	1.1	3.8	3.4	3.9	3.3	4.6
Mar.	154.7	157.1	153.5	152.5	156.4	.9	1.6	1.2	.9	.3	3.5	4.1	4.2	2.8	3.4
June	156.3	158.5	154.9	153.6	158.7	1.0	.9	.9	.7	1.5	3.6	4.1	3.8	2.9	3.8
Sept.	157.0	159.2	155.1	154.7	159.3	.4	.4	.1	.7	.4	3.2	3.6	3.0	3.0	3.2
Dec. 02	157.5	160.2	155.7	154.6	160.1	.3	.6	.4	-.1	.5	2.7	3.6	2.6	2.2	2.6

